



ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR APRIL 20, 2006

The Movement for the Emancipation of the Niger Delta killed two civilians in a car bomb attack on an army barracks in the southern city of Port Harcourt. They detonated 30 kg of dynamite on Wednesday night. The militants threatened to stage more attacks on the military, oil installations and individuals. It said the attack was symbolic rather than strategic and served as a warning that the military was unable to protect itself, let alone workers at oilfields.

Market Watch

Venezuela's President Hugo Chavez said crude oil prices could reach \$100/barrel in the event of a war between the US and Iran. Separately, Venezuela's President threatened to blow up the country's oilfields in the event of a US invasion.

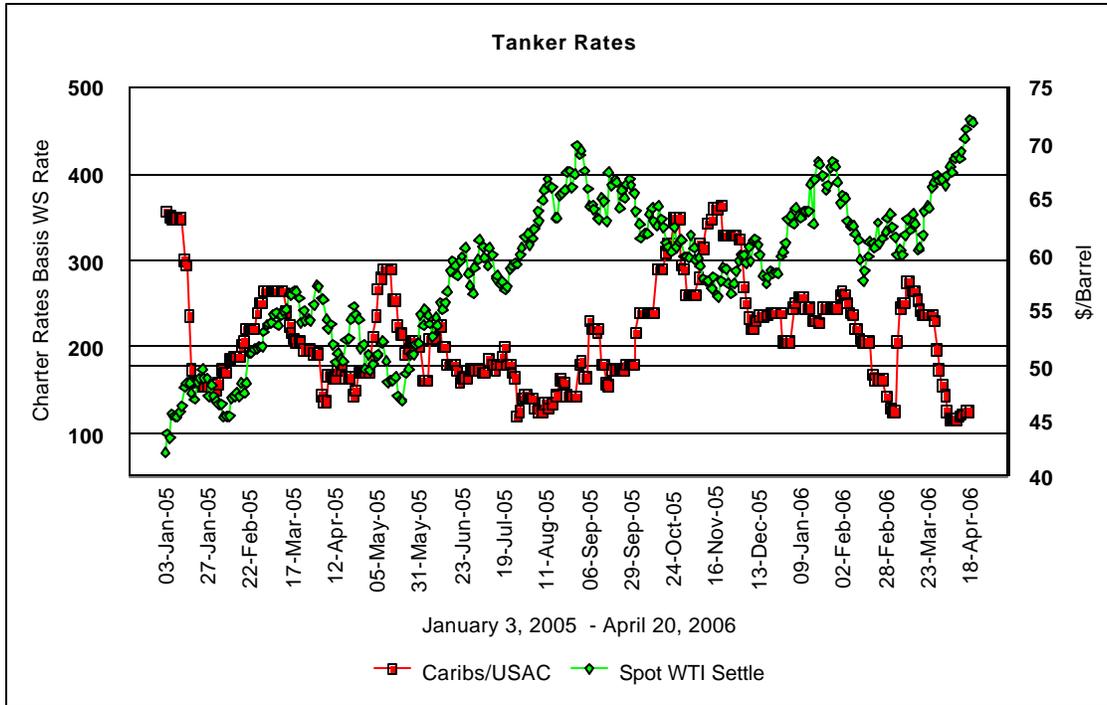
French Industry Minister Francois Loos called on energy consuming countries to reduce their oil demand and increase their energy efficiency to help bring down record high oil prices.

Traders stated that European diesel cargoes are bound for the US as the transatlantic arbitrage has opened over the past week. Trader said as many as four cargoes or about 2 million barrels of low sulfur diesel was bound for the US. Shipping fixtures showed Morgan Stanley provisionally booked a vessel on Tuesday to load a 70,000 ton cargo next week for transatlantic shipment.

Russia rejected a US call for Moscow to end its cooperation with Iran in constructing the Busheher nuclear plant. Deputy Foreign Minister Sergei Kislyak said Russia would decide its position on how to handle the crisis based on the IAEA's report due on April 28. Meanwhile, China is still seeking a negotiated settlement in the Iranian nuclear crisis. Chinese Foreign Ministry spokesman Qin Gang, said China hoped the parties would exercise restraint and show flexibility to properly handle the Iranian nuclear program issue. Officials said envoys from Britain, France, and Germany held at least two hours of talks in Moscow on Wednesday with Iranian officials but there was little progress.

Iraq's Oil Minister Hashim al-Hashimi said OPEC is expected to discuss measures to lower increasing oil prices at an informal meeting in Doha, Qatar on Monday. Energy ministers from oil producing and consuming countries are scheduled to meet for the International Energy Forum from April 22-24. Separately, he stated that crude exports from oil fields in northern Iraq could restart at a steady rate within weeks as new security measures were being taken to protect the pipeline.

OPEC's Secretary General, Mohammed Barkindo said there was little OPEC could do to lower oil prices. He said he expected nothing dramatic to come out of the meeting in Doha, Qatar. Libya's Oil



Minister, Shokri Ghanem also said OPEC could not do anything to lower oil prices. He said OPEC was producing as much as the market required.

Iran's Oil Minister, Kazem Vaziri Hamaneh said OPEC was pumping crude to its

limit. He also stated that there was enough oil in the market and added that Iran was content with high oil prices. This followed comments made by Iran's President Mahmoud Ahmadinejad, who stated that rising oil prices remain way below what they should be.

According to Oil Movements, OPEC exports are expected to fall by 390,000 bpd in the four weeks ending May 6 to 24.3 million bpd. It said the fall in supply was to Asian crude buyers amid scheduled maintenance programs. Oil in transit from OPEC producers would fall to 383 million barrels by May 6.

Refinery News

Flint Hills Resources LP shut its crude unit in the West Plant of its Corpus Christi, Texas refinery on Thursday for 20 days of planned maintenance. The April 20-May 10 shutdown and work on the crude unit coincides with a West Plant sulfur recovery unit undergoing maintenance from April 17-27.

PDVSA is operating its 305,000 bpd Cardon refinery at about 70% of capacity following a power outage last Friday. However its fluid catalytic cracker and alkylation unit have not yet been fully restored. It was processing crude oil into basic fractions but has not resumed gasoline or diesel production.

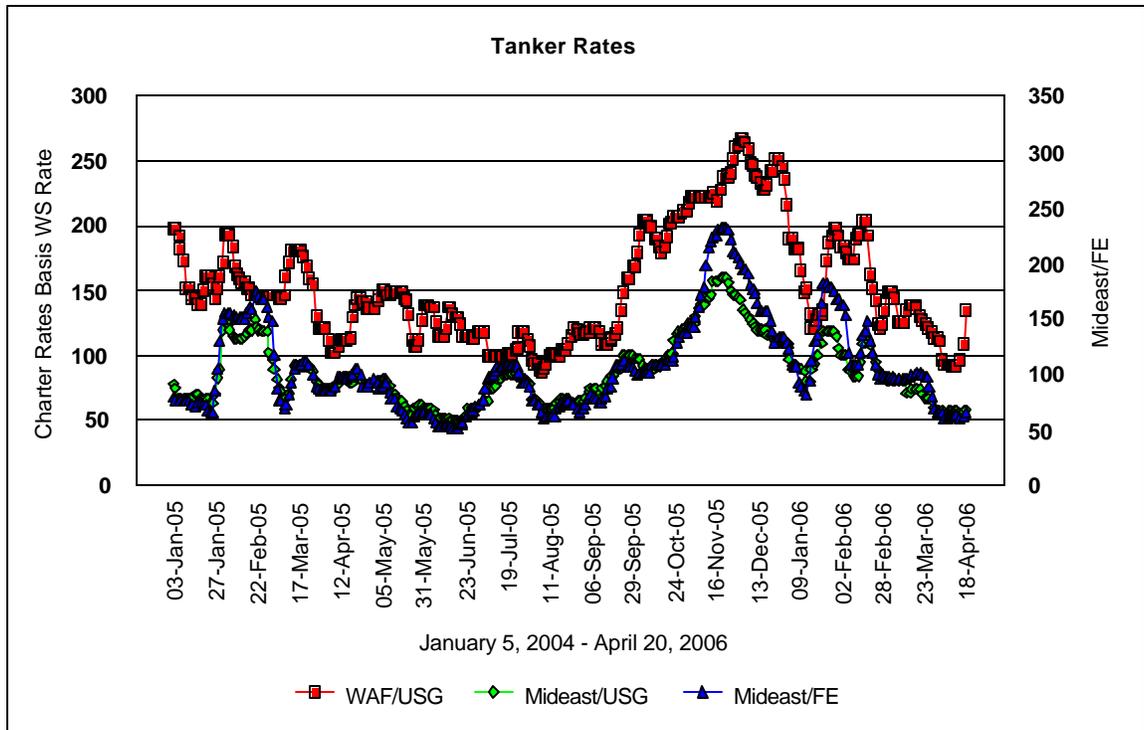
ExxonMobil's 22,000 bpd hydrocracker unit at its 155,000 bpd Torrance, California refinery was put into restart mode again late Wednesday following a failed restart attempt last week.

China's refineries have increased crude processing by 2.9% on the year in March to 25.2 million tons or 5.93 million bpd as producers and wholesalers stocked up in anticipation of a fuel price rise.

Crude oil processing at India's 18 refineries increased 9.4% on the year in March to 11.92 million tons or about 2.82 million bpd. India's crude oil production fell 2.4% on the year to 2.85 million tons in March.

Production News

Royal Dutch Shell Plc said it expected to complete repairs and restart oil and gas production from its Mars field in the Gulf of Mexico by the end of May and fully restore output by the end of June to the level reached before



Hurricane Katrina hit the facility. Before the storm, the Mars platform was producing about 140,000 barrels of oil and 157 mmcf/d of natural gas.

ExxonMobil has completed the reversal of two of its crude oil pipelines allowing up to 66,000 bpd of Canadian crude oil to flow from the US Midwest to the US Gulf Coast. Exxon has received firm commitments from Canadian shippers for an average of 50,000 bpd of capacity on the lines leading from Patoka, Illinois to Nederland, Texas for the next five years.

BP Plc said it expected production to increase with improving margins, by about 4% a year to 2010.

UK's Department of Trade and Industry reported that total Norwegian, UK and Danish oil output fell by 8.6% or 430,000 bpd in 2005 to 4.56 million bpd.

Nigeria's gross foreign exchange reserves increased 9.5% month on month to \$34.32 billion in February due to high oil prices. However Nigeria's central bank reported that oil production fell to 2.3 million bpd in February compared with a revised figure of 2.46 million bpd in January.

Russian railways exported 2.26 million tons of crude to China in the first quarter, up from 2.06 million tons reported last year. In February, Russian Railways confirmed it would send China 15 million tons of crude oil in 2006 however analysts said the target is unlikely to be met after the firm failed to export its 2005 target of 10 million tons.

Singapore's International Enterprise stated that the country's middle distillate stocks increased by 341,000 barrels to 6.424 million barrels in the week ending April 19. It reported that light distillate stocks fell by 823,000 barrels to 7.797 million barrels while residual fuel stocks increased by 444,000 barrels to 11.7 million barrels on the week.

China's Unipet said it was offering 950,000 barrels of Angolan Girassol crude for May on Thursday, taking its total offer volume to 9 million barrels.

OPEC's news agency reported that OPEC's basket of crudes increased by 56 cents/barrel to \$66.36/barrel on Wednesday.

Market Commentary

The oil market ended the session in negative territory after posting an inside trading day ahead of its expiration at the close. The crude market opened down 17 cents at 72.00 and sold off to a low of 70.70 amid the news that the Mars platform in the Gulf of Mexico was resuming operations in May and would return to full capacity in June. The market traded lower on profit taking. It also seemed to shrug off the Iranian situation, threats made by Nigerian militants against oil installations in the country and the statement made by Venezuela's President Hugo Chavez, who stated that Venezuela would blow up the country's oilfields in the event that the US invaded Venezuela. The market which posted a double bottom, bounced off that level and rallied to its high of 72.40 late in the session. The May crude contract erased some of its gains ahead its expiration and settled down 22 cents at 71.95. The June contract, which seemed ready to post an inside trading day, traded to a high of 74.50 late in the session. It retraced some of its gains and settled down 43 cents at 73.69. Volume in the crude market was good with over 231,000 lots booked on the day. The gasoline market also saw some profit taking following seven consecutive days of gains. The market opened down 1.94 cents at 222.00 and extended its losses to over 7 cents as it posted a low of 216.50. However the market later bounced off its low and rallied to a high of 224.00. The market settled down 2.46 cents at 221.48. Similar to the gasoline market, the heating oil market settled in negative territory following seven consecutive days of gains. The market retraced its gains as it sold off to a low of 201.50. The heating oil market however bounced off to a high of 207.25 late in the session. It settled down 87 points at 205.36. Volume in the product markets were good with 48,000 lots booked in the gasoline market and 40,000 lots booked in the heating oil market.

The crude market, which continued to trade lower on Access, is seen retracing its losses on Friday as traders position themselves ahead of the weekend. The market will likely find some support amid concerns over the situation with Iran, Nigeria and Venezuela among the geopolitical issues that have supported the market. Also, even though OPEC is not expected to make any decision at its informal meeting at the sidelines of the International Energy Forum, the market will await to see its outcome. The market is seen finding support at 73.45 followed by its low of 72.70. More distant support is seen at 72.65, 71.71 and 70.80.

Meanwhile, resistance is seen at 74.50 and 75.24.

Technical Analysis			
	Levels	Explanation	
CL 73.69, down 43 cents	Resistance	75.24 74.50	Basis trendline Thursday's high
	Support	73.45, 72.70 72.65, 71.71, 70.80	Thursday's low Previous lows
		209.00, 213.50 207.25, 208.20	Previous highs Thursday's high, Wednesday's high
HO 205.36, down 87 points	Resistance	209.00, 213.50 207.25, 208.20	Previous highs Thursday's high, Wednesday's high
	Support	205.00, 204.00 201.50, 201.40, 197.50	Thursday's low, Previous lows
HU 221.48, down 2.46 cents	Resistance	237.00 224.00, 225.00	Previous high Thursday's high, Wednesday's high
	Support	220.00, 216.50 216.10, 209.70	Thursday's low Previous lows